

**COMMONWEALTH OF MASSACHUSETTS
BEFORE THE
DEPARTMENT OF TELECOMMUNICATION AND ENERGY**

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Western Massachusetts Electric Co.)	D.T.E. 04-106
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**JOINT MOTION FOR APPROVAL OF
SETTLEMENT AGREEMENT**

Western Massachusetts Electric Company (“WMECO”), the Attorney General of the Commonwealth of Massachusetts (“Attorney General”), and the Associated Industries of Massachusetts (collectively, the “Parties”), hereby jointly ask the Department of Telecommunications and Energy (“Department”) to approve on or before December 30, 2004, the Settlement Agreement (“Settlement”) attached hereto. This Settlement, if accepted by the Department, will terminate the above-referenced proceeding, thus eliminating the need to adjudicate a time- and resource-consuming rate case.

Of considerable importance, the Settlement provides rate relief to WMECO’s customers by decreasing the sum of the rates seen by customers for the distribution, transmission and transition charge portion of electric bills for each of the years 2005 and 2006, compared to 2004. This reduction will be accomplished through a lowering of the transition charge for 2005 and 2006 and an increase to the distribution component of WMECO’s rates in 2005 and 2006. The 2005 increase will be \$6.0 million and the increase in 2006 will be a further \$3.0 million. These settlement levels are much lower than the approximately \$17 million increase (or \$34 million for 2005 and 2006) shown in WMECO’s rate case filing submitted to the Department today. Under the Settlement, WMECo would not be allowed any additional general distribution rate relief until January 1, 2007.

Customers reap other important benefits in this settlement, including a favorable sharing mechanism should WMECO's earnings increase over a certain level and the expansion of the NUStart program intended to aid low-income customers.

The Settlement does not establish performance-based rates for WMECO but it does anticipate a performance-based ratemaking filing immediately after WMECO's next general rate case filing. WMECO and the Attorney General will consult on WMECO's performance-based ratemaking filing in an attempt to make it as helpful to the Department as possible.

By its terms, the Settlement must be approved in its entirety or it is null and void. The Parties respectfully request that the Department issue an order approving this Settlement on December 30, 2004.

Representatives of the Parties are available to address any questions of the Department.

Respectfully submitted,

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